

## 21. EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

**Table 21-1. FEDERAL RESOURCES IN SUPPORT OF EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES**

(In millions of dollars)

Function 500	1997 Actual	Estimate					
		1998	1999	2000	2001	2002	2003
<b>Spending:</b>							
Discretionary Budget Authority ....	42,488	46,365	48,608	49,139	49,420	49,297	48,883
Mandatory Outlays:							
Existing law .....	13,690	13,126	12,090	11,157	10,867	10,067	12,085
Proposed legislation .....	.....	-158	1,789	2,877	3,490	3,968	4,442
<b>Credit Activity:</b>							
Direct loan disbursements .....	10,286	13,338	13,671	14,483	15,280	16,093	16,951
Guaranteed loans .....	19,542	25,052	25,690	27,301	28,841	30,402	32,035
<b>Tax Expenditures:</b>							
Existing law .....	27,430	33,755	57,295	59,510	61,140	62,905	64,625
Proposed legislation .....	.....	15	1,010	2,859	3,205	2,839	2,738

The Federal Government helps States and localities educate young people, helps the low-skilled and jobless train for and find jobs, helps youth and adults of all ages overcome financial barriers to postsecondary education and training, helps employers and employees maintain safe and stable workplaces, and helps provide social services for the needy.

The Government spends over \$62 billion a year on grants to States and localities; on grants, loans, and scholarships to individuals; on direct Federal program administration; and on subsidies leveraging nearly \$40 billion in loans to individuals. It also allocates about \$58 billion a year in tax incentives for individuals.

### Education

Education is the principal means of upward mobility for Americans who want better lives for themselves and their families. While education is mainly the province of State and local governments, and of families and individ-

uals, the Federal government plays an essential role.

The Federal role is focused in the following areas.

**Pre-School:** Head Start gives low-income children a comprehensive approach to child development, stressing language and cognitive development, health, nutrition, and social competency.

- In 1999, Head Start will serve an additional 30,000 to 36,000 children, for a total of 860,000 to 866,000 children, continuing progress toward the Administration's goal of one million children served in 2002.
- Within the overall total of children served, in 1999 an additional 10,000 children under age three will participate in the Early Head Start component, for a total of nearly 50,000—the first step toward the Administration's goal of doubling Early Head Start participation from its 1998 level of nearly 40,000 to 80,000 by 2002.

National evaluation studies of both the regular Head Start program and the Early Head Start component are under way, for which preliminary results are expected in the spring and summer of 1998.

***Elementary and Secondary Education:***

Federal spending for elementary and secondary education targets important national needs, such as equal opportunity and higher academic standards to improve student achievement. For example, most low-performing children in low-income schools get extra educational assistance through the Title I-Education for the Disadvantaged program. Other programs provide related support for children with disabilities and limited English proficient children; support teacher and administrator training; help finance and encourage State, school, and system reforms; and support research and technical assistance.

The Administration's long-term goal is to help all children, and especially low-income and minority children, make steady gains over time. Federal programs make a significant contribution to improved learning results.

- Citing Title I, as well as Head Start and child nutrition programs, a 1994 RAND study found that "the most plausible" way to explain big education gains of low-income and minority children in the past 30 years is "some combination of increased public investment in education and social programs and changed social policies aimed at equalizing educational opportunities."
- Minority students have made substantial gains in science, math, and reading since the 1970s, narrowing the gap between minority and Caucasian student achievement by about a third.

The Federal focus began to change in 1994 from supporting individual programs to emphasizing school-wide and school system reforms, through the President's Goals 2000 Educate America Act and his Improving America's Schools Act. These laws support State and local standards-based reform efforts and speed the use of technology in education to help raise learning gains. Overall, these new approaches freed States and schools from Federal restrictions, providing greater

flexibility while requiring more accountability for results. Early results show that the new approaches are having a significant impact:

- A 1997 review of State plans showed that 44 had content standards in at least reading and math, and 26 States had performance standards.
- All States have established school support teams that provide high-quality guidance to Title I schools.
- All States now have plans to ensure that (1) classrooms are equipped with modern computers and connected to the Internet, (2) software is an integral part of the curriculum, and (3) teachers are ready to use and teach with technology.
- Business-school partnerships are developing new software and new ways to use technology to raise student achievement.
- By the end of the 1998-1999 school year, nearly all States will have challenging content and performance standards in place for two or more core subjects, and by 2001 nearly all States will have assessments aligned to the standards. Before Goals 2000, almost no States had challenging academic standards in place.
- In 1999, Title I grants to school districts will provide educational services to over 10 million students in high poverty communities, over half a million more children than in 1998.
- Each year, the National Assessment of Education Progress (NAEP) will help measure progress toward achieving the goal that rising percentages of all students will meet or exceed basic, proficient, and advanced performance levels in national and State assessments of reading, math, and other core subjects, and the goal that students in high-poverty schools will show improvement gains comparable to those for all students.

***Title VI Education Block Grant:*** This program provides general resources for education. It does not have clear, measurable goals and is not designed in law to produce specific results in terms of student achievement gains. Evaluations of the program show that school

districts generally use the funds for routine activities that do not improve teaching and learning. As a result, the budget eliminates funding for this program in order to support other programs, such as Title I, for which there are strong indicators of results in terms of student achievement gains.

**Individuals with Disabilities:** Under the Individuals with Disabilities Education Act, the Education Department works with States to ensure that children with disabilities benefit from the Act's requirement for a "free appropriate public education" and are part of all accountability systems. The Education Department and the States actively work to monitor and improve the performance of those students. In 1998, all States will have performance goals and strategies in place for children with disabilities aged three to 21, and will begin to report their progress toward meeting those goals.

- In 1999, all States will participate in regular assessments of children with disabilities and in reporting the results.

**Limited English-Proficient Children:** With regard to the growing population of children with limited English proficiency, the Administration proposes that rising percentages of teachers and other staff have the skills needed to enable these students to meet challenging standards.

- In 1999, the Administration will help States hire and train 4,000 new teachers for children with limited English proficiency.

**Reading:** A student's most basic skill to master is reading. Although reading problems are particularly severe for disadvantaged students, students with reading difficulties represent a cross-section of American children. In 1994, only 30 percent of 4th graders scored at the proficient level in reading on NAEP, while 40 percent scored below the basic level. In 1998, the President launched the America Reads Challenge to provide extra help to meet the goal that every child will read well and independently by the end of the third grade.

- In 1999, America Reads will continue to help increase the percentages of fourth-graders that meet basic, proficient, and advanced levels in reading on the 4th

grade NAEP (administered in 1998 and every two years thereafter).

**Public School Choice:** Charter schools introduce innovation and choice into public schools. In 1997, about 700 charter schools were operating around the Nation, of which about 420 received Federal funding. In 1999, at least 1,500 charter schools will be operating, continuing progress toward the President's goal of 3,000 charter schools by 2001.

**Voluntary National Tests:** The Administration's proposed voluntary national 4th grade reading and 8th grade mathematics tests for students will help students and their parents and teachers know, for the first time, how well students perform compared to other students nationally and internationally. They will also provide important information about how well education reform efforts are working.

**Postsecondary Education:** The economic returns to a college education are dramatic. Full-time male workers over 25 years old with at least a bachelor's degree earned 89 percent more in 1993 than comparable workers with just a high school degree. Moreover, the benefits of college extend beyond the college graduates themselves. The resulting higher socioeconomic status of parents with college degrees leads to greater educational achievement by their children.

Since the 1960s, the Federal Government has played a growing role in helping Americans go to college. Federal programs finance two-thirds of all direct student aid (i.e., excluding general State and local support for public higher education). From 1964 to 1993, these programs have helped nearly triple college enrollment, increasing by a third the share of high school graduates who attended college, and raise college enrollment rates for minority high school graduates by nearly two-thirds.

- In 1999, the Education Department will help an estimated 8.8 million students under its student aid programs.
- In 1999, an estimated 12.6 million students will receive college tax credits.

**Scholarships for Low-Income Students:** Research shows that, at the levels of median income and below, Pell Grant recipients are

twice as likely to earn a bachelor's degree as are non-recipients. The President has proposed, and Congress has enacted, increases in the maximum Pell Grant award from \$2,300 in 1993 to \$3,000 in 1998. In 1998, an estimated 3.9 million needy students will receive Pell Grants to finance their college educations.

- In 1999, the Pell Grant maximum award will total \$3,100 and 3.9 million students will receive Pell grants.

***Easing Loan Repayment:*** The President proposed, and Congress enacted, the 1993 Student Loan Reform Amendments that created the Income Contingent Repayment (ICR) option for loans. With ICR, students who have significant debt burdens and who want to take lower-paying community service jobs can make their payments affordable through ICR. In addition, students who have trouble repaying loans under other schedules can switch to ICR. By the end of calendar 1997, the third year ICR was available, 65,000 borrowers had already signed up for this repayment option.

- In 1999, ICR will continue to be available to as many students who want it.

***Modernization of the Student Aid Delivery System:*** The Education Department manages the delivery of student aid benefits to over seven million students in nearly 7,000 postsecondary schools, and oversees the direct and guaranteed loan systems affecting 37 million individuals, 4,800 lenders, and 36 guarantee agencies. The Department has made modernization of student financial aid management one of its highest priorities. Major parts of the effort include improving customer service at lower cost through better contracting practices and using new information technology. For example, students can now apply for student financial aid electronically and access their direct student loan information over the Internet.

In 1999, the Department expects to continue to make progress toward the goals it has set for 2000, including to:

- increase, to three million, the annual number of students applying for Federal aid electronically;
- enable students and families applying for Federal aid electronically to have their eli-

gibility determined in four days, cutting in half the current processing time;

- make the Department's website the most comprehensive and efficient source of information on Federal student aid and program requirements, reducing hard copies of materials that now must be printed and mailed by at least a third;
- test a multi-year promissory note for student loans to streamline application procedures, minimize delays in receiving funds, and provide better consumer information for borrowers; and
- establish, with its partners in the financial aid community, mutually agreed upon industry-wide standards for data exchanges needed in administering student aid.

***Student Loan Defaults:*** In recent years, the Education Department has made great progress in reducing defaults and increasing collections from defaulters. The national student loan cohort default rate used for institutional eligibility dropped for the fifth straight year to 10.4 percent for 1995, down from 10.7 percent for 1994. The 1995 rate represents the group of borrowers whose first loan repayments came due in 1995 and who defaulted before October 1, 1996.

Over the most recent five-year period, the default rate has fallen by over half, from 22.4 percent in 1990. This dramatic reduction is due, in large part, to the Education Department's improved institutional oversight that has, in turn, led to the removal of 875 schools, including 672 schools from all student aid programs and 203 schools from the Federal loan programs. In addition, the department has implemented rigorous recertification standards for institutions to participate in the student aid programs. As a result, it has rejected about a third of initial applications to participate in the student aid programs over the last three years—twice the rate in 1990.

- In 1999, the default rate will continue to decline toward the goal of 10 percent or less by 2002.

***Direct Loan Consolidations:*** By relying more on performance-based contracting, the Education Department is ensuring the smooth

running of the loan consolidation contract. The Department is also improving the loan consolidation process by improving the accuracy of its data, strengthening managerial controls through better tracking and reporting, increasing the number and expertise of consolidation contractor staff, and speeding up the loan certification process. As a result of new procedures in 1998, the department will average no more than 60 to 90 days to complete a loan consolidation application.

- In 1999, average time to complete a loan consolidation application will continue to decline.
- In 1999, surveys of borrowers will show that applicants for loan consolidation are highly satisfied with the timeliness and accuracy of the loan consolidation process.

**Education Department Year 2000 Compliance:** The Department has launched a major effort to ensure that its systems are not adversely affected by the year 2000 date change.

- In March 1999, all of the Education Department's mission-critical and mission-important systems will be verified as year 2000 compliant.

## **Labor**

Elementary, secondary, and postsecondary investments enable Americans to acquire the skills to get good jobs in an increasingly competitive global economy. In addition, most workers acquire more skills on the job or through billions of dollars that employers spend to enhance worker skills and productivity.

Some workers however, also benefit from special, targeted assistance. In addition to Pell Grants, student loans, and tax credits, the Federal Government spends nearly \$7 billion a year through Department of Labor (DOL) programs that finance job training. In addition, workers who want to learn about job openings can tap into the State Employment Service and One-Stop Career Center System, a labor exchange that's universally available through DOL's popular America's Job Bank (AJB) website, which lists over 750,000 job vacancies every day and receives 40 to 45 million "hits" a month.

DOL has launched several longitudinal evaluations of its job training programs over the past two decades, including major impact evaluations of the Job Corps and Dislocated Worker Assistance programs. Past studies have found mixed, but generally positive, results for the DOL job training programs.

While impact evaluations are the best measure of program effectiveness, DOL also sets annual performance goals for its major job training programs. Performance goals for 1999 will continue to emphasize job placement, employment retention, and earnings levels.

**The Job Training Partnership Act's (JTPA) Dislocated Worker Assistance:** This program provides training and employment services to about 685,000 displaced workers a year.

- In 1999, about 76 percent of those who receive services will be working three months after leaving the program, earning an average hourly wage that represents 97 percent of the wage in their previous job.

**JTPA's Adult Training Grants:** This program helps over 400,000 low-income individuals get training, support services, and job placement assistance.

- In 1999, about 60 percent of those who receive services will be working three months after leaving the program, with weekly earnings averaging \$270.

**Job Corps:** The Corps provides skill training, academic and social education, and support services in a structured, residential setting to nearly 70,000 very disadvantaged youth a year at 118 centers.

- In 1999, about 75 percent of those who leave the program will get jobs or pursue further education, while those beginning work will start at an average hourly wage of \$6.25.

**Employment Service/One-Stop Career Centers:** The Employment Service provides a free labor exchange for all workers and job seekers, and is growing more and more effective by expanding its implementation of One-Stop Career Centers.

- In 1999, DOL will continue to expand the One-Stop Career Center System to include 40 percent of all local employment service and JTPA offices, compared to 16 percent in 1997, and increase the number of employers listing jobs with the AJB website by 20 percent over the 1997 level.

**School-to-Work:** All States are implementing school-to-work systems, using the five-year Federal “venture capital” grants to devise new collaborations between schools and the private sector. In 1996, the program, which began in 1994, was serving one million youth and 23 percent of schools.

- In 1999, 1.5 million youth will be actively engaged in school-to-work activities, and 25 percent of high schools will offer key school-to-work components.

### Workplace Protections

DOL regulates compliance with various laws that give workers certain workplace protections—a minimum wage for virtually all workers, prevailing wages and equal employment opportunity for workers on government contracts, overtime pay, restrictions on child labor, and time off for family illness or childbirth. In these areas, the Federal Government is working to increase industry’s compliance with labor protections through voluntary compliance initiatives (coupled with continued strong enforcement), outreach to new and small business, and targeted enforcement in specific industries, with specific measurable goals.

- In 1999, compared to 1997, labor law compliance will increase by five percentage points in such industries as domestic garments in certain targeted cities, and in poultry processing.

### National Service

The Corporation for National and Community Service supports programs providing service opportunities Nation-wide for Americans of all ages and backgrounds. Through Corporation-supported projects, over 1.5 million participants work to address the Nation’s unmet, critical needs. The Corporation organizes its programs into three streams of service, with various annual performance goals.

**AmeriCorps:** AmeriCorps will engage 56,000 Americans of all ages and backgrounds in community service, and provide education awards in return for such service.

- In 1999, AmeriCorps VISTA members will generate cash and in-kind resources for their sponsoring organizations at a rate of \$2.50 for every \$1 of Federal funds.

**Learn and Serve America:** This program provides opportunities for one million students to improve their academic learning while participating in service-learning projects in schools, universities, and communities.

- In 1999, 200,000 high school and college students in Learn and Serve projects will provide literacy tutoring to children in grades K–3.

**National Senior Service Corps:** The Corps, comprising over 500,000 people age 55 and older, encourages seniors to use their experience, skills and talents while serving as Foster Grandparents, Senior Companions, and the Retired and Senior Volunteers.

- In 1999, the program will serve 150,000 special needs youth and frail elderly.

### Social Services

**Vocational Rehabilitation Services:** The Vocational Rehabilitation program provides funds to States to help about 750,000 individuals with disabilities prepare for independent living or gainful employment each year. In 1997, the program helped to rehabilitate 217,500 individuals with disabilities. The program has not had consistent performance goals and measures of progress.

- In 1999, under proposed legislation, all States will develop challenging State-specific goals based on a comprehensive assessment of the vocational rehabilitation needs of individuals with disabilities in the State, describe the strategies it will use to address those needs, and report on progress made towards those goals.

**Social Services Block Grant:** The budget targets funding to programs that can better demonstrate positive performance. The Social Services Block Grant supports a broad range of social service programs, but without statutory performance goals or measures of prog-

ress. As a result, the budget reduces funding for this program in order to help provide funding for other higher priority programs with greater demonstrated outcomes, such as Head Start and child care.

### **Tax Incentives**

The Federal Government helps individuals, families, and employers (on behalf of their employees) plan for and buy education and training through numerous tax benefits, which will cost an estimated \$57.3 billion in 1999. Along with the new Hope and Lifetime Learning tax credits for college costs, the tax code provides other ways to pay for education

and training. State and local governments, for instance, can issue tax-exempt debt to finance student loans or to build the facilities of non-profit educational institutions. Interest from certain U.S. Savings Bonds is tax-free if the bonds go solely to pay for education. Many employers provide employee benefits that do not count as income. Starting in 1998, many taxpayers can deduct the interest on student loans. Finally, the tax code gives employers a Work Opportunity Tax Credit and a Welfare-to-Work Tax Credit, letting them claim a tax credit for part of the wages they pay to certain hard-to-employ people who work for them for a minimum period.